

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

THE APPLICATION OF SCHMIDT, INC. D/B/A)
PLEASANT VIEW SUBDIVISION FOR A RATE)
ADJUSTMENT PURSUANT TO THE ALTERNATIVE) CASE NO. 92-370
RATE FILING PROCEDURE FOR SMALL UTILITIES)

O R D E R

On August 26, 1992, Schmidt, Inc. ("Schmidt") filed its application for Commission approval of a proposed increase in its rates for sewer service. Schmidt's proposed rates for sewer service would generate additional annual revenues of \$7,500, an increase of 34.7 percent.

On September 21, 1992, John and Sarah Perdue ("Intervenors") intervened in this proceeding.

On October 1, 1992, Commission Staff conducted a field review of Schmidt's test-period financial records. Based upon this review, Commission Staff issued its report on November 12, 1992, recommending an increase of \$5,567 in Schmidt's annual operating revenue for sewer service.

By Order dated November 12, 1992, the Commission advised Schmidt and the Intervenors that comments on the Staff Report or requests for a public hearing or informal conference must be submitted no later than November 30, 1992, or this case would stand submitted to the Commission for a decision. On November 19, 1992,

Schmidt filed comments on the Staff Report, noting several objections. No requests for an informal conference or hearing were received by the Commission from any of the parties to this case.

In its comments, Schmidt objects to the recommendation of Staff to disallow \$1,734 for maintenance expense. This amount represents payments made to Frank McCormick who no longer provides maintenance service. Schmidt's comments fail to persuade the Commission because they do not produce evidence sufficient to establish the expense.

The Commission, after consideration of the evidence of record and being advised, finds that:

1. The recommendations and findings contained in the Staff Report are supported by the evidence of record, are reasonable, and are hereby adopted as the findings of the Commission in this proceeding and are incorporated by reference as if fully set out herein.

2. The rates in Appendix A are the fair, just, and reasonable rates for Schmidt and will produce gross annual revenues of \$28,080 for sewer service based on adjusted test-year sales. These rates will allow Schmidt sufficient revenues to meet its operating expenses and provide for future equity growth.

3. The rates proposed by Schmidt would produce revenue increases of that found unreasonable herein and should be denied upon application of KRS 278.030.

IT IS THEREFORE ORDERED that:

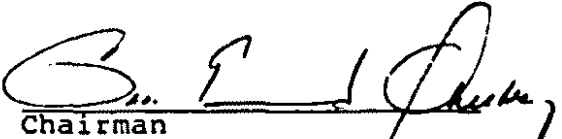
1. The rates proposed by Schmidt in its application are hereby denied.

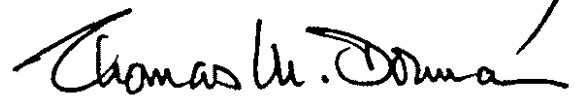
2. The rates in Appendix A, which is attached hereto and incorporated herein, are approved for service rendered by Schmidt on and after the date of this Order.

3. Within 30 days of the date of this Order, Schmidt shall file with the Commission its revised tariff setting out the rates approved herein.

Done at Frankfort, Kentucky, this 18th day of December, 1992.

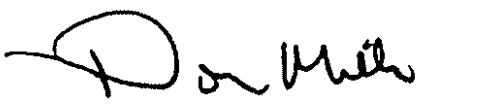
PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 92-370 DATED December 18, 1992

The following rates and charges are prescribed for the customers in the area served by Schmidt, Inc. d/b/a Pleasant View Subdivision. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of this Commission prior to the effective date of this Order.

<u>Customer Class</u>	<u>Rates</u>
Residential (Single Family)	\$23.40 per month